

## Message Text

SECRET

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ACTION EB-08

INFO OCT-01 EA-10 ISO-00 STR-07 COME-00 L-03 PM-05  
DODE-00 SS-15 SP-02 CIAE-00 INR-10 NSAE-00 OMB-01  
TRSE-00 NSC-05 /067 W  
-----098213 050131Z /64

R 040920Z APR 78

FM AMEMBASSY SEOUL

TO SECSTATE WASHDC 269

S E C R E T SEOUL 2732

E.O. 11652: GDS

TAGS: ETRD, MASS, KS

SUBJECT: ROK-U.S. TRADE BALANCE AND ROK MILITARY IMPORTS

1. IN A RECENT CONVERSATION WITH THE AMBASSADOR, BLUE HOUSE SECRETARY GENERAL KIM CHUNG-YUM NOTED THAT IN ADDITION TO IMPORTS FROM THE UNITED STATES COUNTED IN PUBLISHED KOREAN TRADE STATISTICS, THE ROK IMPORTED IN 1977 MILITARY EQUIPMENT FROM THE U.S. FOR CASH IN THE AMOUNT OF \$459 MILLION AND AN ADDITIONAL \$175 MILLION UNDER FMS CREDITS. (THESE NUMBERS APPEAR TO INCLUDE ONLY FIRST ACQUISITIONS OF NEW ITEMS AND THUS TO EXCLUDE IMPORTS FOR O&M UNDER WHICH REPLACEMENT OF EQUIPMENT IS

ALSO COUNTED.) ACCORDING TO THE MINISTER, THIS WOULD RAISE TOTAL KOREAN IMPORTS FROM THE U.S. BY AN ADDITIONAL \$634 MILLION, RESULTING IN ONLY A SLIGHT \$37 MILLION SURPLUS FOR THE ROK (IMPORTS CALCULATED ON A CIF BASIS AND EXPORTS, FOB).

2. PREVIOUSLY, WE HAD BEEN GIVEN TO UNDERSTAND THAT ROKG IMPORT FIGURES INCLUDED MILITARY IMPORTS, DISTRIBUTED UNDER VARIOUS CATEGORIES IN ORDER TO AVOID BREECHING SECURITY. HOWEVER, KIM APPEARED TO BE SPEAKING AUTHORITATIVELY, BASED ON THE BEST INFORMATION AVAILABLE.

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3. WE NOTE THAT ACCORDING TO U.S. CENSUS STATISTICS THAT U.S. EXPORTS TO THE ROK IN 1977 ON AN FAS BASIS AMOUNTED TO \$2,371 MILLION COMPARED TO \$2,300 AS OUR ESTIMATE FOR ROK IMPORTS FOB BASED ON ROK CUSTOMS CLEARANCE DATA. SINCE THE TWO FIGURES ARE ALMOST THE SAME, THEY SUGGEST THAT U.S. DATA ALSO EXCLUDES SOME MILITARY EQUIP-

MENT. PLEASE VERIFY, SINCE THE QUESTION OF THE TRADE  
DEFICIT MAY BECOME IMPORTANT IN DISCUSSIONS OF TRADE  
LIBERALIZATION.  
SNEIDER

SECRET

NNN

## Message Attributes

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**Current Classification:** UNCLASSIFIED  
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**Decaption Date:** 20 Mar 2014  
**Decaption Note:** 25 YEAR REVIEW  
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**Disposition Approved on Date:**  
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**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
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**Review Markings:**  
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